



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 14, 2000

CERTIFIED RETURN RECEIPT
Z 230 748 246

Lon Thomas
Star Stone Quarries, Inc.
4040 South 300 West
Salt Lake City, Utah 84107

Re: Notice of Amended Conditional Tentative Approval to Commence Large Mining Operations, Star Stone Quarries, Inc., Rosebud Mine, M/003/026, Box Elder County, Utah

Dear Mr. Thomas:

The Division has reviewed your August 23, 2000 letter (received by the Division August 25, 2000). Because of unforeseen permitting delays related to the BLM's environmental assessment process and in making a 'common variety determination', you have proposed entering into a sales contract with the BLM to purchase building stone from this mine site. This proposal would allow you to operate within the existing footprint of the Rosebud Quarry until the outstanding permitting paperwork can be completed. You have requested that our previous reclamation surety calculation be reduced to cover only the current disturbance (6.35 acres) rather than the entire proposed (9.5 acres) identified in your large mining permit application. This proposal was discussed with Michael Ford of the Salt Lake BLM field office on August 31, 2000. Mr. Ford indicated that this proposal would be acceptable and that his office was in the process of drafting a letter to Star Stone outlining the final details they would need to proceed with the proposal.

Accordingly, the Division hereby amends its July 6, 2000, Notice of Conditional Tentative Approval. Our approval will authorize Star Stone Quarries, Inc. to operate within the limits of the current disturbed acreage as shown on the certified survey (dated June 1999). Prior to beginning operations, the following conditions must be met:

Condition #1:

Star Stone Quarries, Inc. will mark the perimeter of the surveyed disturbed area boundary with metal posts (i.e. t-posts or similar suitable markers). The Division must be notified at least 10 days prior to the placement of the markers so that we can observe the installation.

Condition #2:

A reclamation surety in the amount of \$47,000 must be posted listing both the Division and the BLM as joint beneficiaries. The previously requested surety amount (\$68,700) has been revised to reflect

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reclamation costs for the current disturbance only (please refer to additional comments regarding the surety under the 'Surety' heading below). A Reclamation Contract (Form MR-RC) must also be completed and filed with this office. It must be attached to the updated reclamation surety for this project. *Please provide us with a "draft" copy of the completed reclamation contract and the proposed form of surety before they are finalized so we can review them for completeness and accuracy.*

Condition #3:

Star Stone Quarries, Inc. will not be allowed to expand the Rosebud Quarry beyond the 6.35 acres until the BLM completes its environmental assessment of the large mining plan of operations and the required reclamation surety amount for the entire 9.5 acres is posted and accepted by the respective agencies.

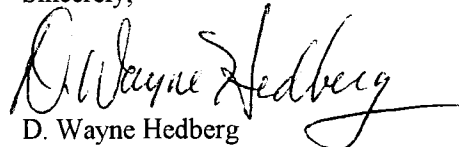
Surety:

A revised surety for the existing disturbance (6.35 acres) is attached. Including a standard five year escalation, the amount is \$47,000.00. However, since it is anticipated that you will see full approval of your Notice within a year, we will only require the first year escalation amount of \$41,600 (using a 3.13% escalation factor) be posted at this time. Interest will need to accrue with the surety until the full five-year escalation amount of \$47,000 plus one term of interest is achieved. At the end of each year, the operator will be required to add any additional monies to the certificate balance so that the total escalated cost for that year is covered (at the end of the first year, the minimum value must be \$42,900.00; at the end of the second year, \$44,200.00; at the end of the third year, \$45,600.00; and at the end of the fourth year, \$47,000.00).

When tentative approval conditions #1 and 2 have been satisfied, we will forward our final approval allowing mining operations to proceed at this site. BLM approval will also need to be obtained before you reactivate mining activities at this site. Please address conditions #1 and 2 within 30 days of your receipt of this letter.

Thank you for your cooperation in completing this permitting action. If you have questions regarding this letter, please contact me, Lynn Kunzler, or Doug Jensen of the Minerals Staff.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Reclamation Surety Estimate
Enclosure: Form MR-RC
cc: Mike Ford, BLM
Pam Grubaugh-Littig, DOGM
Lynn Kunzler, DOGM
revised rosebud tentative app.

1	RECLAMATION SURETY ESTIMATE				
2	Star Stone Quarries Inc.		last revision	09/01/00	
3	Rosebud Mine				
4	DOGM file number M/003/026	Box Elder County			
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	Bond covers only work within the footprint as shown on surveyor's site map dated June, 1999				
7	An allowance has been made for 0.2 acres for an existing road that will not be reclaimed. (12' width)				
8					
9	On-site dump material used to re-slope pit face in calculations. Distance of material movement requires				
10	the use of both a dozer and a front end loader or a loader/truck combination. Dozer/loader combination				
11	is used for the purposes of this calculation				
12					
13	Note: actual unit costs may vary according to site conditions last unit cost update 08/25/99				
14	-Amount of disturbed area which will receive reclamation treatments =				6.2 acres
15	-Estimated total disturbed area for this mine =				6.4 acres
16	<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u> Note
17	Regrading waste dump slopes	13,333	CY	0.47	6,267 (1)
18	Resloping pit walls/Dozer	20,000	CY	0.47	9,400
19	Resloping pit walls/FE Loader	8,333	CY	1.15	9,583 (2)
20					
21	Ripping stockpile & compacted areas	1.0	acre	220	220 (2)
22					
23	Topsoil replacement - dozer(6" depth)	4960	CY	0.47	2,331 (3)
24	Topsoil replacement - FE loader	2480	CY	1.15	2,852 (4)
25					
26	Composted manure (5 ton/acre)	6.2	acre	150	923 (5)
27	Broadcast seeding (~20 lb/acre)	6.2	acre	170	1,046 (6)
28					
29	General site cleanup & trash removal @50%	3.2	acre	50	160 (7)
30					
31	Equipment mobilization	2	equip	1000	2,000 (8)
32					
33	Reclamation Supervision	5	days	372	1,860 (9)
34			Subtotal		36,641
35	10% Contingency				3,664
36			Subtotal		\$40,305
37	Escalate for 1 year at 3.13% per yr				1,262
38			Total		\$41,566
39					<u>\$41,600</u>
40	Escalate for 2 years at 3.13% per yr				<u>\$42,900</u>
41	Escalate for 3 years at 3.13% per yr				<u>\$44,200</u>
42	Escalate for 4 years at 3.13% per yr				<u>\$45,600</u>
43	Escalate for 5 years at 3.13% per yr				<u>\$47,000</u>
44					
45					
46	Average cost per disturbed acre =		\$6,551		

Note

- (1) Means 1998 & Rental Rate Blue Book 4/98: Cat D8N, U, mtl 2550 lb/CY, 300 ft push
- (2) Means 1998 & Rental Rate Blue Book 4/98: Cat D8N, U, multi shank rippers, speed 1.0 mph
- (3) Means 1998 & Rental Rate Blue Book 4/98: Cat D8N, U, mtl 2550 lb/CY, 250 ft push
- (4) Hauling excavated or borrow material.
- (5) DOGM general estimate - manure \$30/ton delivered & spread
- (6) DOGM general estimate - broadcast seeding
- (7) DOGM general estimate - site cleanup & trash removal
- (8) DOGM general estimate - equipment mobilization
- (9) Means 1998, 010-036-0180, project manager, minimum \$1,815/wk